

**FORMAN
HOLT
ELIADES
& RAVIN LLC**
ATTORNEYS AT LAW

September 14, 2010

Via: ECF and E-Mail

Honorable Novalyn L. Winfield, USBJ
United States Bankruptcy Court
P.O. Box 1352
Newark, NJ 07101-1352

Re: Kearny Industrial Associates, LP
Case No.: 07-10169

Charles M. Forman, Trustee v. Hooper Street Acquisition, LLC, et als.
Adv. Proc. No.: 09-1001

Dear Judge Winfield:

This office represents Charles M. Forman, duly appointed Chapter 7 Trustee in the above-referenced matter.

On or about July 2, 2009, the Trustee initiated an adversary proceeding against several parties who had asserted liens or claims against the real property owned by the Debtor herein located at 60 Passaic Street, Kearny, New Jersey (the "Kearny Property"). Since the filing, the Trustee has resolved the cause of action with the IRS and same has been memorialized on the docket. The Trustee has also reached agreements to settle the case with two of the mortgagee defendants, namely Hooper Street Acquisitions and Fortunato Realty. Those settlements were reached in principle but, as of recently, not memorialized because of issues related to the proposed sale of the Kearny Property.

Specifically, last September, the Trustee moved for authority to sell the Kearny Property. It was the understanding between the Trustee and the various defendants that all claims and defenses involved in the adversary proceeding would be resolved and disposed of in connection with the proposed sale and the order approving said sale.

As Your Honor is aware, that sale collapsed a few months ago. The Trustee attempted to keep the deal alive and the sale motion was carried on the docket from time to time until ultimately, it was withdrawn this past April.

Charles M. Forman **
Michael E. Holt **
Daniel M. Eliades *
Stephen B. Ravin **
Erin J. Kennedy ***
Joseph M. Cerra **
Kim R. Lynch **
William L. Waldman **
David S. Catuogno ***
Harry M. Gutfleish **
Michelle Rosen Silverman **
Kimberly J. Salomon **
Robert H. Johnson ***
Dipesh Patel **

OF COUNSEL

Michael J. Connolly ***
William A. Calandra *

MEMBER NJ & PA BAR *
MEMBER NJ & NY BAR **
MEMBER NJ BAR ***

www.formanlaw.com
firm@formanlaw.com

REPLY TO PARAMUS

Hon. Novalyn L. Winfield, USBJ

September 14, 2010

Page 2 of 2

The Trustee recently filed a motion to approve a letter of intent as to a substitute sale of the property (the "LOI Motion"). This motion came on for hearing on August 23, 2010 at which time the Court denied the motion, without prejudice, due to procedural concerns.

The Trustee anticipates bringing the sale back before the Court by way of motion to approve contract and bid procedures to be filed in the relatively near future. In any event, the contemplated sale, however, involves different parties and a different structure and will not, as presently constituted, accomplish the consensual resolution of the issues involved in the Trustee's complaint in the same manner as the prior proposed deal. Particularly, the Trustee expects that there will be issues with respect to the claims asserted against Quality Tax Holdings, which holds several tax liens against the property. In light of Judge Kaplan's recent decision in the case of In re Princeton Office Park, 423 BR 795 (Bankr. NJ 2010), the Trustee intends to seek reduction of the amount of interest claimed as to said liens. The Trustee expects, of course, that Quality Tax Holdings will resist such efforts.

Additionally, the Trustee notes that the Goldman/DiLorenzo Group was integrated into the prior proposed sale transaction relative to remediation efforts and capping the costs thereof. In terms of the new transaction, the Goldman/DiLorenzo does not have the same role or function. Moreover, there may well be a contest over the Trustee's claim in the complaint to void the third position mortgage and/or other liens asserted by Goldman/DiLorenzo as avoidable preferences and on other grounds.

Due to the collapse of the original sale, it is now necessary to restore the adversary litigation to an active track, initially, to memorialize the resolutions with Fortunato Realty and Hooper Street and, thereafter, to adjudicate the claims relative to Quality Tax Holdings and Goldman/DiLorenzo. The Trustee intends to file pleadings memorializing the settlements with Fortunato and Hooper Street. The Trustee also requests the scheduling of a conference in order to put the adversary litigation back on track.

We thank the Court for its indulgence.

Respectfully,



David S. Catuogno

DSC/dmm

cc: Charles M. Forman, Chapter 7 Trustee

All Parties on Attached Service List

M:\CMF\KEARNY INDUSTRIAL\TRSWINFIELD-4.doc

The Following Parties Served – Via Electronic Filing

Hal L. Baume	hbaume@foxrothschild.com nhawke@foxrothschild.com ; rsolomon@foxrothschild.com
Jeffrey Bernstein	jbernstein@mdmc-law.com rdonovan@mdmc-law.com malimario@mdmc-law.com
Joseph Casello	jcasello@cvclaw.net
Michael J. Connolly	mconnolly@bressler.com mkraft@bressler.com
Frank P Kapusinski	fkapusinski@scarincihollenbeck.com
James N. Lawlor	jlawlor@wmd-law.com gbenaur@wmd-law.com
Rachel Jeanne Lehr	Rachel.Lehr@law.dol.lps.state.nj.us rjlehr@aol.com
Mark J. McPherson	mmcpher@lawwmm.com
Charles A. Stanziale	cstanziale@mccarter.com cbeirne@mccarter.com ofrias@mccarter.com acimino@mccarter.com dcrecca@mccarter.com
Jeffrey Thomas Testa	jtesta@mccarter.com lrestivo@mccarter.com
Joseph M. Vann	jvann@ctswlaw.com iabel@ctswlaw.com
Daniel J Yablonsky	ecfmail@yablaw.com
Joseph R. Zapata	jzapata@foxrothschild.com rsolomon@foxrothschild.com ; nhawke@foxrothschild.com
Robin I. London-Zeitz	rzeitz@zeitzstein.com , gzeitz@zeitzstein.com
Robert F. Saal	Robert.F.Saal@IRSCOUNSEL.TREAS.GOV

George Jacobs

George@jacobs-enterprises.com

Jack Fersko

jfersko@farerlaw.com

The Following Parties Served – Via First Class Mail

John F. Dickinson, Jr.
Deputy Attorney General
Dept. of Law & Public Safety
Division of Law
Richard J. Hughes Justice Comp.
PO Box 093
Trenton, NJ 08625-0093

NJ Dept. of Environmental
Protection
P.O. Box 402
Trenton, NJ 08625

US EPA
Region 2
290 Broadway
New York, NY 10007-1866

Quality Tax Holdings
c/o Scarinici & Hollenbeck,
LLC
1100 Valley Brook Avenue
Lyndhurst, NJ 07071

David W. Reger, Esq.
Bressler Amery & Ross
325 Columbia Turnpike
Florham Park, NJ 07932

Gregory J. Castano
Castano Quigley LLC
1120 Bloomfield Ave.
West Caldwell, NJ 07007

Lower Passaic River Study Area
Site Coop.
Kirkpatrick & Lockhart Preston
Gates
One Newark Center – 10th Floor
Newark, NJ 07102

Quality Tax Holdings, LLC
c/o Backenroth Frankel &
Krinsky
489 Fifth Ave.
New York, NY 10017

GHC Co., In Liquidation
c/o Steven R. Gray, Esq.
Waters McPherson, McNeill,
P.C.
300 Lighting Way
Secaucus, NJ 07096

United States of America:
Jerome W. MacLaughlin
U.S. Dept. of Justice
P.O. Box 7611
Washington, D.C. 20044

New Jersey Department Of
Environmental Protection
PO Box 402
Trenton, NJ 08625

Meridian Engineering Group Inc.
Brian W. Papocchia
33 Wood Avenue South; Seventh
Floor
Iselin, NJ 08830

Internal Revenue Service
PO Box 744
Springfield, NJ 07081

Office Of The Attorney General
State of NJ Dept/Law & Public
Safety
R.J. Hughes Justice Complex
25 Market St
Trenton, NJ 08625

State Of New Jersey Dept Of
Treasury
Division Of Taxation
PO Box 288
Trenton, NJ 08695-0288

State of NJ, Dept. of Env.
Protection
Richard J. Hughes Justice
Complex
25 Market Street
PO Box 093
Trenton, NJ 08625

Goldberg, Mufson & Spar, PA
200 Executive Drive
West Orange, NJ 07052

Ravin Greenberg, PC
101 Eisenhower Parkway
Roseland, NJ 07068

State of New Jersey
PO Box 245
Trenton, NJ 08695

Joseph Casello, Esq.
Collins, Vella & Casello
1451 Highway 34 South – S303
Farmingdale, NJ 07727

Bressler, Amery & Ross
325 Columbia Turnpike
Florham Park, NJ 07932

Kronish Lieb Weiner & Hellman, LLP
Attn: Lawrence C. Gottlieb, Esq.
1114 Avenue of the Americas
New York, NY 10036

Kearny Industrial Associates, LP
40 Marshall St.
Kearny, NJ 07032

Bederson & Co., LLP
405 Northfield Ave.
West Orange, NJ 07052

Bederson & Company
347 Mt. Pleasant Avenue
West Orange, NJ 07052

Demetrius & Company
155 US Highway Route 46
Wayne, NJ 07470

US EPA
Region 2
290 Broadway
New York, NY 10007-1866

United States Trustee
1 Newark Ctr, S2100
Newark, NJ 07102

Laura J. Wadleigh
Castano Quigley LLC
1120 Bloomfield Ave.
West Caldwell, NJ 07007

Jay R. Indyke
Kronish Lieb Weiner & Hellman
LLP
1114 Avenue of the Americas
Att: Lawrence C. Gottlieb, Esq.
New York, NY 10036

Michael Naughton
Wilson Elser Moskowitz
Eldelman & Dicker
33 Washington Street – 18th Floor
Newark, NJ 07102

Mr. Ivan S. Rosalsky
198 Highland Avenue
Montclair, NJ 07042

Rosalsky Family Trust
c/o Ivan Rosalsky
40 Marshall Street
Kearny, NJ 07032

Sharp's Furniture, Inc.
44 Passaic Avenue
Kearny, NJ 07032

Gordon C. Duus, Esq.
Cole Schotz Meisel Forman &
Leonard, P.A.
25 Main Street
Hackensack, NJ 07601

Michael P. Pompeo
Drinker Biddle & Reath LLP
500 Campus Drive
Florham Park, NJ 07932-1047